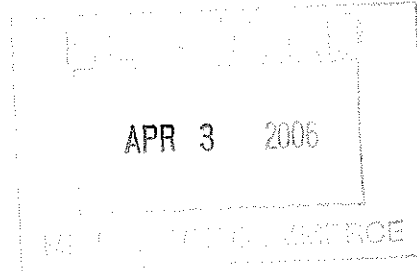




March 31, 2006

Administrative Law Judge Richard Luis
Office of Administrative Hearings
100 Washington Square, Suite 1700
Minneapolis, MN 55401



Re: Certification of Transmission Facilities – Tower and Badoura Projects
MPUC Nos. ET2, E015/TL-05-867, E999/TL-05-1739
OAH No. 7-2500-17090-2

Dear Judge Luis:

As requested at the March 29, 2006 public hearing on the Tower Project in the above-referenced Docket, please find enclosed Minnesota Power's and Great River Energy's project and alternatives cost details for both the Tower Project and the Badoura Project. The alternatives cost details have previously been provided to the Minnesota Department of Commerce as they developed Initial Comments that were filed on February 15, 2006.

In addition, enclosed is a letter dated November 17, 2005 from Bob Manzoline, Director – St. Louis and Lake Counties Regional Railroad Authority, addressing the Mesabi Trail; and a response dated November 29, 2005 from Bob Lindholm, Minnesota Power.

If you have any additional questions please contact me at (218-723-3963) or dmoeller@allete.com.

Sincerely,

David R. Moeller
Attorney
Minnesota Power

- c: Paul Knuti (w/ enclosures)
Bob Cupit – Minnesota Public Utilities Commission (w/enclosures)
Bill Storm – Minnesota Department of Commerce (w/ enclosures)
Carole Schmidt – Great River Energy (w/ enclosures)
Bob Lindholm – Minnesota Power (w/out enclosures)

Tower Project and Alternatives Cost Details Table 9-1

Proposed Project (Section 3.0)

Permit Labor	\$560,000
Right-of-Way Labor	\$300,000
Easements	\$273,000
Transmission Line	\$5,670,000
Substation	\$5,290,000
Substation Land	\$100,000
TOTAL	\$12,193,000

Reconductor existing 46 kV Lines (Section 9.3)

Permit Labor	\$300,000
Right-of-Way Labor	\$740,000
Easements	\$660,000
Transmission Line	\$20,960,000
Substation	--
Substation Land	--
TOTAL	\$22,660,000

Upgrade Voltage of Existing 46 kV Lines to 115 kV (Section 9.4)

Permit Labor	\$560,000
Right-of-Way Labor	\$600,000
Easements	\$816,000
Transmission Line	\$18,750,000
Substation	\$4,500,000
Substation Land	\$50,000
TOTAL	\$25,276,000

Virginia-Tower 115 kV Double Circuit 115/46 kV on existing 46 kV ROW (Section 9.5)

Permit Labor	\$560,000
Right-of-Way Labor	\$325,000
Easements	\$483,000
Transmission Line	\$14,255,000
Substation	\$2,260,000
Substation Land	\$50,000
TOTAL	\$17,933,000

Generation (Total Cost-Construct Project in 2012) (Section 9.7)

Permit Labor	\$560,000
Right-of-Way Labor	\$5,000
Easements	--
Generator	\$3,300,000
Interconnection	\$493,000
Land	\$20,000
TOTAL - Plus \$10,615,040 for new line (present value of Tower Project \$12,193,000 line cost with 8% discount rate, 3% inflation rate)	\$4,378,000
	\$14,993,000

Badoura Project and Alternatives Cost Details Table 9-1

Proposed Project (Park Rapids Area) (Section 3.0)

Permit Labor	\$300,000
Right-of-Way Labor	\$265,000
Easements	\$525,000
Transmission Line	\$7,005,000
Substation	\$1,700,000
Substation Land	--
TOTAL	\$9,795,000

Reconductor (Section 9.3)

Permit Labor	\$200,000
Right-of-Way Labor	\$50,000
Easements	---
Transmission Line	\$2,800,000
Substation	--
Substation Land	--
TOTAL	\$3,050,000

Wolf Lake 230/115 kV Substation, Wolf Lake-Long Lake 115 kV Transmission (Section 9.6)

Permit Labor	\$300,000
Right-of-Way Labor	\$300,000
Easements	\$600,000
Transmission Line	\$8,720,000
Substation	\$8,400,000
Substation Land	\$80,000
TOTAL	\$18,400,000

Generation (Section 9.7) (Does not include cost to construct the Project in 2012, which would be required to meet Badoura needs.)

Permit Labor	\$140,000
Right-of-Way Labor	--
Easements	--
Generator	\$18,000,000
Interconnection	\$500,000
Land	\$30,000
TOTAL	\$18,670,000

Akeley to Long Lake (Section 10.0)

Permit Labor	\$300,000
Right-of-Way Labor	\$265,000
Easements	\$480,000
Transmission Line	\$8,160,000
Substation	\$1,700,000
Substation Land	--
TOTAL	\$10,905,000

Badoura Project Alternative Cost Details Table 9-2

Proposed Project (Pequot Lakes Area) (Section 3.0)

Permit Labor	\$300,000
Right-of-Way Labor	\$535,000
Easements	\$1,176,000
Transmission Line	\$17,190,000
Substation	\$6,842,000
Substation Land	\$50,000
TOTAL	\$26,093,000

Reconductor (Section 9.3)

Permit Labor	\$200,000
Right-of-Way Labor	\$50,000
Easements	--
Transmission Line	\$11,688,000
Substation	--
Substation Land	--
TOTAL	\$11,938,000

Pine River 230/115 kV Substation, Pine River-Pequot Lakes, Badoura-Birch Lake 115 kV Transmission (Section 9.6)

Permit Labor	\$300,000
Right-of-Way Labor	\$460,000
Easements	\$741,000
Transmission Line	\$11,370,000
Substation	\$10,792,000
Substation Land	\$40,000
TOTAL	\$23,703,000

Generation (Section 9.7) (Does not include cost to construct the Project in 2012, which would be required to meet Badoura needs.)

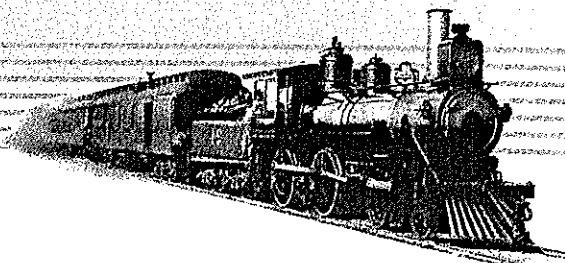
Permit Labor	\$420,000
Right-of-Way Labor	--
Easements	--
Generator	\$8,250,000
Interconnection	\$600,000
Land	\$85,000
TOTAL	\$9,355,000

Badoura-Pequot Lakes & Tap to Birch Lake (Section 10.0)

Permit Labor	\$410,000
Right-of-Way Labor	\$600,000
Easements	\$1,620,000
Transmission Line	\$18,654,000
Substation	\$6,842,000
Substation Land	\$50,000
TOTAL	\$28,176,000

St. Louis & Lake Counties REGIONAL RAILROAD AUTHORITY

November 17, 2005



Bob Lindholm
Minnesota Power
30 West Superior Street
Duluth, MN 55802

Carole Schmidt
Great River Energy
PO Box 800
Elk River, MN 55330

Re: Tower Area 115 kV Transmission Project

Dear Ms. Schmidt and Mr. Lindholm:

We have been aware of the proposed transmission line planned between Embarrass and Tower and have reviewed the proposed transmission line corridor.

We would like to make you aware of a project we have been working on called Mesabi Trail which is a planned recreation trail located between Grand Rapids and Ely. For the most part, this trail is in place between Grand Rapids and Biwabik/Giants Ridge and plans are being developed for further trail extension from Giants Ridge to Embarrass, see enclosed map.

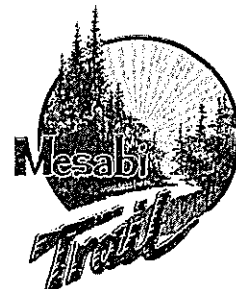
In year 2002, we performed an East Segment Trail Routing Study of possible trail locations between Biwabik and Ely, a copy of selected pages of that study are enclosed. The study identified the former DM&IR Railroad grade between Embarrass and Tower as a possible location for Mesabi Trail and also falls within the proposed transmission line corridor. We have not furthered this work and at this time, is only a conceptual location for the trail.

Mesabi Trail has been located adjacent to existing Minnesota Power transmission lines in areas between the cities of Eveleth and Gilbert and from Mt. Iron to Kinney and we believe the trail and transmission corridors are compatible. We ask that if you select the former DM&IR Railroad grade as the location for the proposed transmission line, Mesabi Trail be considered for collocation within this corridor, thank you.

Sincerely,

A handwritten signature in cursive script that reads "Bob Manzoline".

Bob Manzoline
Director





• **minnesota power** / 30 west superior street / duluth, minnesota 55802-2093 / 218-722-2625 / www.mnpower.com

November 29, 2005

Mr. Bob Manzoline
Director, St. Louis and Lake County
Regional Railroad Authority
801 SW Highway 169, Suite 4
Chisholm, MN 55719-1627

Dear Mr. Manzoline:

I am responding to your letter dated November 17, 2005. Thank you for providing the valuable information on the Authority's plans to continue their fine work of continuing to expand the Mesabi Trail. On a personal note, I am an avid biker, cross-country skier, and snowmobiler. The multiple-use recreational trail, planned to be constructed between Grand Rapids and Ely, can co-exist with other linear projects, such as the planned Tower to Embarrass 115 kV Transmission Line Project (Tower Project). The specific locations of alternative pathways (routes) for the Tower Project have not been determined at this time. However, the state policy of non-proliferation of new transmission line rights-of-way requires that utilities look first and foremost at present rights-of-way between project end points. Highway 135 and the Iron Ore Trail (former DM&IR railroad) are two primary existing rights-of-way between the Tower and Embarrass end points.

Minnesota Power (MP) and Great River Energy (GRE) are presently engaged in the first of two lengthy state review processes for the Tower Project; the Need Certification process. An Environmental Report, required by the Need Certification process, will be developed for the proposed Tower Project corridor. The Public Scoping meeting for the Environmental Report is set for Thursday, December 8, at the Embarrass Town Hall. MP and GRE will start the investigation for "route" alternatives in spring 2006, and submit a Route Permit application in summer 2006.

During the route investigation process early next year, I will contact you to exchange current ideas and information on our projects to assure success for both.

If, at any time, you have any questions on the Tower Project or have developed further plans on the Mesabi Trail Project, please contact me.

Sincerely,

Bob Lindholm
Manager—Environmental Strategic Initiatives

c: Carole Schmidt—Great River Energy
Blake Francis—Minnesota Power